

17B:18-52

LEGISLATIVE HISTORY CHECKLIST

NJSA: 17B:18-52 (Insurance companies-- life and health-- eliminate monetary restrictions on supplemental retirement allowances)

CHAPTER 61

Laws Of: 1987

Bill No: S2142

Sponsor(s): O'Connor

Date Introduced: May 12, 1986

Committee: **Assembly:** Insurance

Senate: Labor, Industry and Professions

Amended during passage: No

Date of Passage: **Assembly:** February 5, 1987

Senate: September 15, 1986

Date of Approval: March 10, 1987

Following statements are attached if available:

Sponsor statement: Yes

Committee statement: **Assembly** Yes

Senate Yes

Fiscal Note: No

Veto Message: No

Message on Signing: No

Following were printed:

Reports: No

Hearings: No

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SENATE, No. 2142
STATE OF NEW JERSEY

INTRODUCED MAY 12, 1986

By Senator O'CONNOR

Referred to Committee on Labor, Industry and Professions

AN ACT concerning supplemental retirement allowances provided
by certain domestic insurers and amending N. J. S. 17B:18-52.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. N. J. S. 17B:18-52 is amended to read as follows:

2 17B:18-52. No domestic insurer shall:

3 a. Pay any salary, compensation or emolument to any of its
4 senior officers, directors or trustees, unless the payment is first
5 authorized by a vote of its board of directors;

6 b. Make any agreement with any of its officers, senior officers,
7 directors, trustees or salaried employees whereby it agrees that
8 for any service rendered or to be rendered he shall receive any sal-
9 ary, compensation or emolument that will extend beyond a period of
10 24 months from the date of the agreement, but nothing herein
11 shall be construed to prevent a domestic insurer from deferring
12 the payment of any salary, compensation or emolument for such
13 period of time and upon such terms as it may determine or from
14 entering into contracts with its agents or brokers for the payment
15 of renewal commissions;

16 c. Grant any pension to any officer, senior officer, director, gen-
17 eral agent, employee or trustee thereof or to any member of his
18 family after his death, except in accordance with a written plan
19 approved by its board of directors it may: (1) grant to its salaried
20 officers, senior officers, directors, general agents and employees
21 retirement and disability allowances and death benefits; (2) estab-
22 lish a profit sharing plan which meets the requirements of *sub-*

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill
is not enacted and is intended to be omitted in the law.**

Matter printed in italics *thus* is new matter.

23 *section (a) of section 401 [(a)] of the Internal Revenue Code of*
24 *1954, 68A Stat. 134, 26 U. S. C. § 401, or any similar legislation*
25 *which might take its place and which plan, at the option of*
26 *the insurer, may be in addition to any existing pension plan; and*
27 *except that it may with the approval of the commissioner provide*
28 *reasonable supplemental retirement allowances to any of its sal-*
29 *aried officers, senior officers and employees and their dependents,*
30 *whose retirement benefits under the insurer's plan or plans are, in*
31 *the opinion of its board of directors, inadequate. [Such allowances*
32 *shall not exceed the greater of \$3,000.00 per annum and the excess,*
33 *if any, of 50% of the individual's average salary, based on the 5*
34 *years immediately prior to retirement, over such retirement*
35 *benefits.]*

36 The term "senior officers" as used in this section means each
37 officer of an insurer within the four highest salary categories of
38 such insurer; but in instances where an insurer does not have an
39 aggregate of at least five officers from all of the four highest salary
40 categories, then "senior officers" for such insurer shall be the five
41 highest salaried officers of that insurer.

1 2. This act shall take effect immediately.

STATEMENT

This bill eliminates the current monetary restriction on supplemental retirement allowances that may be paid by domestic mutual or stock life and health insurers to their officers and employees who have inadequate pensions. These allowances would still be required to be reasonable and to be approved by the Commissioner of Insurance.

INSURANCE—HEALTH AND LIFE

Eliminates monetary restriction on supplemental retirement allowances paid by domestic life and health insurers.

ASSEMBLY INSURANCE COMMITTEE

STATEMENT TO

SENATE, No. 2142

STATE OF NEW JERSEY

DATED: JANUARY 12, 1987

This bill eliminates the current monetary restriction on supplemental allowances which may be paid by domestic mutual or stock life or health insurers to their salaried officers, senior officers, employees, and their dependents whose retirement benefits under the insurer's pension plan are, in the opinion of the board of directors, inadequate.

These supplemental allowances would still be required to be reasonable and to be approved by the Commissioner of Insurance. The current monetary restriction limits supplemental allowances to the greater of \$3,000.00 per annum or the amount by which 50% of the individual's average salary for the five years immediately prior to retirement exceeds the retirement benefit.

The restrictions upon life and health insurers in granting supplemental retirement benefits are greater than those imposed upon similarly regulated entities, such as property and casualty insurers and depository institutions. This will permit life and health insurers to be more liberal in providing these supplemental benefits.

While the original law was no doubt enacted for safety and soundness reasons and to prevent abuses, the modification of this law as provided for in the bill in no way compromises this; the Commissioner of Insurance would still be required to approve such allowances.

SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO

SENATE, No. 2142

STATE OF NEW JERSEY

DATED: JULY 17, 1986

This bill eliminates the current monetary restriction on supplemental allowances that may be paid by domestic mutual or stock life and health insurers to their salaried officers, senior officers, employees, and their dependents whose retirement benefits under the insurer's pension plan are, in the opinion of the board of directors, inadequate. These supplemental allowances would still be required to be reasonable and to be approved by the Commissioner of Insurance. The current monetary restriction limits supplemental allowances to the greater of \$3,000.00 per annum or the amount by which 50% of the individual's average salary for the five years immediately prior to retirement exceeds the retirement benefit.